

Illustration of Internal Rate of Return over a 10-Year Holding Period
2731 CALVERT STREET

Purchase Price	395,000	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Annual Rent	4.0%	46,740	48,610	50,554	52,576	54,679	56,866	59,141	61,507	63,967	66,526
Vacancy	3.0%	1,402	1,458	1,517	1,577	1,640	1,706	1,774	1,845	1,919	1,996
Effective Income		45,338	47,151	49,037	50,999	53,039	55,160	57,367	59,661	62,048	64,530
Expenses	4.0%	17,493	18,192	18,920	19,677	20,464	21,282	22,134	23,019	23,940	24,897
Exp as a percent of Annual Rent		39%	39%	39%	39%	39%	39%	39%	39%	39%	39%
Exp per unit	3	5,831	6,064	6,307	6,559	6,821	7,094	7,378	7,673	7,980	8,299
NOI	0	27,845	28,959	30,117	31,322	32,575	33,878	35,233	36,642	38,108	39,632
Debt Service	\$ 1,528	18,331	18,331	18,331	18,331	18,331	18,331	18,331	18,331	18,331	18,331
Before Tax Cash Flow	(118,500)	9,514	10,628	11,786	12,991	14,244	15,547	16,902	18,311	19,777	384,782
19.4% Internal Rate of Return											
NOI		27,845	28,959	30,117	31,322	32,575	33,878	35,233	36,642	38,108	39,632
Less Interest		13,677	13,456	13,225	12,982	12,728	12,462	12,183	11,891	11,585	11,265
Less Depreciation		10,533	10,533	10,533	10,533	10,533	10,533	10,533	10,533	10,533	10,533
Taxable Income to Individuals		3,635	4,969	6,359	7,807	9,314	10,883	12,517	14,218	15,990	17,834
Pass Thru Entity	20%	(727)	(994)	(1,272)	(1,561)	(1,863)	(2,177)	(2,503)	(2,844)	(3,198)	(3,567)
Taxable Income	0	2,908	3,976	5,088	6,245	7,451	8,706	10,013	11,374	12,792	14,268
Tax @ *	37%	1,076	1,471	1,882	2,311	2,757	3,221	3,705	4,209	4,733	5,279
After Tax Cash Flow	(118,500)	8,438	9,157	9,904	10,680	11,487	12,326	13,197	14,103	15,044	317,061
16.4% Internal Rate of Return											
Purchase	395,000							Assume a Sale at End of Year 10			
L-V	75%							Annual Rent Roll			66,526
Loan	296,250							GRM			9.6
Down Payment	98,750						annual appreciation 4.9%	Price			640,293
Cap Improvement	-							Sale Costs	6%		38,418
Closing Costs	19,750							Less: Basis			289,667
Initial Investment	118,500							Gain			312,208
Rate	4.65%							Tax @	20%		62,442
Term	30							Mortgage Balance			238,395
P&I	\$1,527.57							Sale Proceeds Before Tax			363,480
								Sale Proceeds After Tax			301,039
Mortgage Amortization		1	2	3	4	5	6	7	8	9	10
296,250 Beg Bal		296,250	291,596	286,722	281,615	276,267	270,664	264,795	258,647	252,207	245,461
4.65% Prin		4,654	4,875	5,106	5,349	5,603	5,869	6,148	6,440	6,746	7,066
30.0 Int		13,677	13,456	13,225	12,982	12,728	12,462	12,183	11,891	11,585	11,265
1,528 Bal EOY		291,596	286,722	281,615	276,267	270,664	264,795	258,647	252,207	245,461	238,395
Cost Recovery / Depreciation		395,000	395,000	Building	80%	316,000	Land	20%	79,000	Life	30
		10,533	10,533	10,533	10,533	10,533	10,533	10,533	10,533	10,533	10,533
Basis		384,467	373,933	363,400	352,867	342,333	331,800	321,267	310,733	300,200	289,667

* Tax rate of 35% applies to income of \$200,001 to \$500,000 for singles; \$400,001 to \$600,000 for married filing jointly. Marginal rate above \$500k/\$600k is 37%.